

WATER AND SEWER FUND PROJECTION

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Revenues						
Water & Sewer Sales	\$ 40,768,634	\$ 40,768,634	\$ 40,768,634	\$ 40,768,634	\$ 40,768,634	\$ 40,768,634
2.5% Growth in Sales		\$ 1,019,216	\$ 2,063,912	\$ 3,134,726	\$ 4,232,310	\$ 5,357,333
Contract Water Sales	116,000	116,000	30,000	-	-	-
Other Operating Revenues	1,457,000	1,493,425	1,530,761	1,569,030	1,608,255	1,648,462
Investment/Rental	2,178,739	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Licenses and Permits	44,000	45,100	46,228	47,383	48,568	49,782
Intragovernmental	20,000	20,500	21,013	21,538	22,076	22,628
Frontage Fees/Assessments	1,400,000	1,435,000	1,470,875	1,507,647	1,545,338	1,583,971
Capital Facility Fees	4,385,525	4,495,163	4,607,542	4,722,731	4,840,799	4,961,819
Other Revenues	599,991	614,991	630,366	646,125	662,278	678,835
Appropriation from Fund Balance	1,000,000					
Total Revenues	\$ 51,969,889	\$ 52,208,029	\$ 53,369,329	\$ 54,617,813	\$ 55,928,258	\$ 57,271,464
Appropriations						
Personal Services	\$ 14,451,687	\$ 15,174,271	\$ 15,932,985	\$ 16,729,634	\$ 17,566,116	\$ 18,444,422
Operating	18,290,290	18,747,547	19,216,236	19,696,642	20,189,058	20,693,784
Capital Outlay	467,700	477,054	486,595	496,327	506,254	516,379
Transfer to Other Funds	106,973	109,112	111,295	113,521	115,791	118,107
Debt Service	17,453,239	16,946,971	16,699,572	16,519,920	16,317,926	15,539,224
CIP Appropriations	1,200,000	753,073	922,647	1,061,769	1,233,113	1,959,549
Appropriation to Fund Balance		-	-	-	-	-
Total Appropriations	\$ 51,969,889	\$ 52,208,029	\$ 53,369,330	\$ 54,617,813	\$ 55,928,258	\$ 57,271,464
Coverage Ratio:						
Parity Debt	3.34	3.09	3.12	3.13	3.15	3.19
All Debt	1.01	1.03	1.03	1.04	1.09	1.09

Highlights

The projection for the Water and Sewer Fund shows that the City must continue to monitor the revenue streams as well as expense levels, to ensure that the coverage ratio for all debt remains above 1.0. Water and sewer rates are held constant through the projection period. The amount of CIP appropriations is used to balance the fund without an appropriation from fund balance.

Revenues

- Water and Sewer Sales includes both consumption and service fee charges to all direct water and sewer customers, inside and outside the City. It does not include contractual water sales to other utilities. A rate increase is included in the FY 2002-03 adopted budget, and that rate is held constant through the projection period.
- Contract Water Sales represents the sale of surplus water to other utilities. The City is currently negotiating with additional outside bulk water customers for both bulk water sales and bulk wastewater treatment. The multi-year projection does not assume any expenses or revenues anticipated from these future agreements.
- Water and Sewer Capital Facility Fees reflect a 16% increase in water capital facilities fees and a 60% increase in sewer capital facilities fees.

- All revenue sources are projected to increase by 2.5% per year except for investment income, which is held constant.

Appropriations

- Personal Services costs increase at a rate of 5% annually.
- Operating costs increase at a rate of 2.5% annually.
- Capital costs increase at a rate of 2% annually.
- The inflation rate for non-departmental costs varies, depending on the type of expense. Costs that are related to personal services increase at 5%, insurance increases at 10%, and most others increase at 2-3% annually.
- Debt Service projections are provided by the City's Finance Department.
- CIP Appropriations are programmed when they are needed to supplement bond funding, while minimizing the impact on water and sewer rates.

Coverage Ratio

- Coverage ratios represent the amount of net revenues (gross revenues minus operating expenditures) that are available for debt service payments. For parity debt the City is required to have a coverage ratio of 1.25, and for all debt a ratio of 1.0. Coverage ratios are used by financial institutions as a key indicator for the calculation of the City's bond rating.